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## SENATE BILL No. 474

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-10-8; IC 20-12-3.2.

**Synopsis:** State employee health insurance to universities. Requires a state educational institution that provides health coverage to its employees to provide the coverage through the state employee health plans. Repeals current provisions governing university employee health plans.

**Effective:** July 1, 2005.

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January 18, 2005, read first time and referred to Committee on Health and Provider Services.

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First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

## SENATE BILL No. 474

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 5-10-8-6.7 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2005]: **Sec. 6.7. (a) As used in this section, "state educational**  
4 **institution" has the meaning set forth in IC 20-12-0.5-1.**

5       **(b) As used in this section, "state employee health plan" means:**

6       **(1) a self-insurance program established under section 7(b) of**  
7 **this chapter to provide group health coverage; or**

8       **(2) a contract with a prepaid health care delivery plan entered**  
9 **into by the state personnel department under section 7(c) of**  
10 **this chapter.**

11       **(c) The state personnel department shall allow a state**  
12 **educational institution to provide coverage of health care services**  
13 **for employees of the state educational institution under any state**  
14 **employee health plan available to state employees.**

15       **(d) A state educational institution that provides health coverage**  
16 **for employees of the state educational institution:**

17       **(1) shall provide the health coverage under a state employee**



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health plan as provided in this section; and

(2) may elect to provide continued coverage under this section upon an employee's retirement or eligibility for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.

(e) A state educational institution employee who receives coverage of health care services under a state employee health plan under subsection (d)(1) or (d)(2) must:

(1) receive coverage equal to the coverage provided to state employees under the state employee health plan; and

(2) be allowed to choose the state employee health plan under which the state educational institution employee will be covered.

(f) A state educational institution that provides coverage for employees of the state educational institution under this section may elect to pay any part of the employees' premium with respect to the coverage provided under this section.

SECTION 2. IC 5-10-8-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) The state, excluding state educational institutions (as defined by IC 20-12-0.5-1), may not purchase or maintain a policy of group insurance, except:

(1) life insurance for the state's employees;

(2) long term care insurance under a long term care insurance policy (as defined in IC 27-8-12-5), for the state's employees; or

(3) an accident and sickness insurance policy (as defined in IC 27-8-5.6-1) that covers individuals to whom coverage is provided by a local unit under section 6.6 of this chapter.

(b) With the consent of the governor, the state personnel department may establish self-insurance programs to provide group insurance other than life or long term care insurance for state employees and retired state employees. The state personnel department may contract with a private agency, business firm, limited liability company, or corporation for administrative services. A commission may not be paid for the placement of the contract. The department may require, as part of a contract for administrative services, that the provider of the administrative services offer to an employee terminating state employment the option to purchase, without evidence of insurability, an individual policy of insurance.

(c) Notwithstanding subsection (a), with the consent of the governor, the state personnel department may contract for health services for state employees and individuals to whom coverage is provided by a local unit under section 6.6 of this chapter through one (1) or more prepaid health care delivery plans.

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(d) The state personnel department shall adopt rules under IC 4-22-2 to establish long term and short term disability plans for state employees (except employees who hold elected offices (as defined by IC 3-5-2-17)). The plans adopted under this subsection may include any provisions the department considers necessary and proper and must:

(1) require participation in the plan by employees with six (6) months of continuous, full-time service;

(2) require an employee to make a contribution to the plan in the form of a payroll deduction;

(3) require that an employee's benefits under the short term disability plan be subject to a thirty (30) day elimination period and that benefits under the long term plan be subject to a six (6) month elimination period;

(4) prohibit the termination of an employee who is eligible for benefits under the plan;

(5) provide, after a seven (7) day elimination period, eighty percent (80%) of base biweekly wages for an employee disabled by injuries resulting from tortious acts, as distinguished from passive negligence, that occur within the employee's scope of state employment;

(6) provide that an employee's benefits under the plan may be reduced, dollar for dollar, if the employee derives income from:

(A) Social Security;

(B) the public employees' retirement fund;

(C) the Indiana state teachers' retirement fund;

(D) pension disability;

(E) worker's compensation;

(F) benefits provided from another employer's group plan; or

(G) remuneration for employment entered into after the disability was incurred.

(The department of state revenue and the department of workforce development shall cooperate with the state personnel department to confirm that an employee has disclosed complete and accurate information necessary to administer subdivision (6).)

(7) provide that an employee will not receive benefits under the plan for a disability resulting from causes specified in the rules; and

(8) provide that, if an employee refuses to:

(A) accept work assignments appropriate to the employee's medical condition;

(B) submit information necessary for claim administration; or

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- 1 (C) submit to examinations by designated physicians;  
 2 the employee forfeits benefits under the plan.  
 3 (e) This section does not affect insurance for retirees under  
 4 IC 5-10.3 or IC 21-6.1.  
 5 (f) The state may pay part of the cost of self-insurance or prepaid  
 6 health care delivery plans for its employees.  
 7 (g) A state agency may not provide any insurance benefits to its  
 8 employees that are not generally available to other state employees,  
 9 unless specifically authorized by law.  
 10 (h) The state may pay a part of the cost of group medical and life  
 11 coverage for its employees.  
 12 **(i) The state personnel department shall include chronic disease**  
 13 **management programs in the following:**  
 14 **(1) A self-insurance program established to provide group**  
 15 **health insurance under subsection (b).**  
 16 **(2) A contract with a prepaid health care delivery plan**  
 17 **entered into under subsection (c).**  
 18 SECTION 3. IC 20-12-3.2-1.1 IS ADDED TO THE INDIANA  
 19 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 20 [EFFECTIVE JULY 1, 2005]: **Sec. 1.1. A state educational**  
 21 **institution that provides a program of coverage for health care**  
 22 **services for employees or retired employees of the state educational**  
 23 **institution shall provide the coverage through a state employee**  
 24 **health plan as provided in IC 5-10-8-6.7.**  
 25 SECTION 4. IC 20-12-3.2-6 IS ADDED TO THE INDIANA CODE  
 26 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 27 1, 2005]: **Sec. 6. This chapter expires July 1, 2006.**  
 28 SECTION 5. [EFFECTIVE JULY 1, 2005] **(a) The state personnel**  
 29 **department, with the budget agency, shall implement the**  
 30 **requirements of IC 5-10-8-6.7, as added by this act, not later than**  
 31 **July 1, 2006.**  
 32 **(b) A state educational institution shall comply with the**  
 33 **requirement of IC 20-12-3.2-1.1, as added by this act, on the first**  
 34 **date that the state educational institution begins to provide,**  
 35 **amends, or renews a program of coverage for health care services**  
 36 **for employees or retired employees of the state educational**  
 37 **institution after June 30, 2006.**

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